

HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 JANUARY 2020

PART 1 – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) A statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		
	S\$'000		%
	31/1/2020	31/1/2019	Change
Revenue	60,374	69,733	(13%)
Other items of income:			
Interest income	1,197	1,115	7%
Dividend income	41	32	28%
Gain on disposal of investment securities	-	32	(100%)
Items of expenses:			
Raw materials and consumables used	(11,842)	(19,971)	(41%)
Changes in inventories of finished goods and work-in-progress	(335)	1,731	NM
Employee benefits expense	(22,511)	(24,388)	(8%)
Depreciation of property, plant and equipment	(11,351)	(13,431)	(15%)
Depreciation of right-of-use assets	(719)	-	NM
Finance costs	(613)	(840)	(27%)
Other expenses	(11,868)	(14,118)	(16%)
Net fair value loss on investment securities	(125)	(337)	(63%)
Profit/(loss) before tax	2,248	(442)	NM
Income tax expense	(1,004)	(806)	25%
Profit/(loss), net of tax	1,244	(1,248)	NM
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation gain/(loss)	160	(2,254)	NM
Other comprehensive income for the period, net of tax	160	(2,254)	NM
Total comprehensive income for the period	1,404	(3,502)	NM
Profit/(loss) attributable to:			
Owners of the Company	222	(1,826)	NM
Non-controlling interests	1,022	578	77%
	1,244	(1,248)	NM
Total comprehensive income attributable to:			
Owners of the Company	304	(2,909)	NM
Non-controlling interests	1,100	(593)	NM
	1,404	(3,502)	NM
Earnings/(loss) per share attributable to owners of the Company (cents)			
- Basic	0.18	(1.49)	NM

Note:

NM - Percentage change not meaningful.

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1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediate preceding financial year

The following items have been included in arriving at profit/(loss) before tax:

	Group		
	S\$'000		%
	31/1/2020	31/1/2019	Change
Net write-down of inventories	(159)	(256)	(38%)
Net write-back of impairment loss on trade receivables	-	6	(100%)
Net exchange loss	(101)	(100)	1%
Property, plant and equipment written off	-	(40)	(100%)
Net gain on disposal of property, plant and equipment	458	94	NM
Over provision of current income tax in respect of previous years	35	-	NM

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	S\$'000		S\$'000	
	31/1/2020	31/7/2019	31/1/2020	31/7/2019
ASSETS				
Non-current assets				
Property, plant and equipment	50,195	58,864	898	1,103
Investment in subsidiaries	-	-	11,561	10,706
Right-of-use assets	5,616	-	12	-
Loans to a subsidiary	-	-	275	417
Deferred tax assets	1,158	1,225	-	-
Total non-current assets	56,969	60,089	12,746	12,226
Current assets				
Investment securities	3,934	2,802	481	585
Inventories	5,065	5,297	-	-
Prepayments	1,734	1,175	159	78
Tax recoverables	235	465	-	-
Trade and other receivables	20,704	26,396	2,935	2,654
Loans to a subsidiary	-	-	284	284
Cash and short-term deposits	100,254	93,255	19,847	20,568
Total current assets	131,926	129,390	23,706	24,169
Total assets	188,895	189,479	36,452	36,395
EQUITY AND LIABILITIES				
Equity				
Share capital	35,727	35,727	35,727	35,727
Retained earnings/(accumulated losses)	33,990	33,768	(4,890)	(5,352)
Other reserves	13,129	13,047	155	155
Total equity attributable to owners of the Company	82,846	82,542	30,992	30,530
Non-controlling interests	62,118	61,456	-	-
Total equity	144,964	143,998	30,992	30,530
Non-current liabilities				
Loans and borrowings	5,950	5,905	264	391
Defined benefit liabilities	1,383	1,356	-	-
Deferred tax liabilities	3,174	2,949	1,848	1,848
Total non-current liabilities	10,507	10,210	2,112	2,239
Current liabilities				
Trade and other payables	16,795	16,428	971	1,095
Contract liabilities	104	174	-	-
Loans and borrowings	15,990	18,586	2,314	2,484
Provisions	34	25	-	-
Income tax payable	501	58	63	47
Total current liabilities	33,424	35,271	3,348	3,626
Total equity and liabilities	188,895	189,479	36,452	36,395

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1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/1/2020		As at 31/7/2019	
Secured	Unsecured	Secured	Unsecured
\$4,734,000	\$11,256,000	\$5,216,000	\$13,370,000

Amount repayable after one year

As at 31/1/2020		As at 31/7/2019	
Secured	Unsecured	Secured	Unsecured
\$1,165,000	\$4,785,000	\$2,492,000	\$3,413,000

Details of any collaterals

Obligations under finance leases included in the Group's loans and borrowings, are secured on certain assets of the companies within the Group of net book value amounting to \$3,913,000 (31/7/2019: \$4,254,000).

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1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	As at 31/1/2020	As at 31/1/2019
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit/(loss) before tax	2,248	(442)
Adjustments for:		
Interest income	(1,197)	(1,115)
Net gain on disposal of property, plant and equipment	(458)	(94)
Depreciation of property, plant and equipment	11,351	13,431
Depreciation of right-of-use assets	719	-
Property, plant and equipment written off	-	40
Net write-down of inventories	159	256
Net write-back of impairment loss on trade receivables	-	(6)
Dividend income	(41)	(32)
Net fair value loss on investment securities	125	337
Net loss on disposal of investment securities	-	32
Finance costs	613	840
Net unrealised exchange gain	(91)	(78)
Operating cash flows before changes in working capital	13,428	13,169
Decrease/(increase) in inventories	73	(1,782)
Decrease in prepayments and receivables	4,777	7,753
Increase/(decrease) in payables and contract liabilities	216	(3,511)
Cash flows from operations	18,494	15,629
Net income taxes paid	(73)	(671)
Interest paid	(562)	(884)
Interest received	1,237	1,078
Net cash flows from operating activities	19,096	15,152
Cash flows from investing activities:		
Decrease in short-term deposits with maturity more than three months	555	815
Dividends received from investment securities	41	32
Purchases of property, plant and equipment	(1,942)	(6,040)
Proceeds from disposal of property, plant and equipment	547	94
Purchases of investment securities	(1,233)	(191)
Proceeds from disposal of investment securities	-	758
Net cash flows used in investing activities	(2,032)	(4,532)
Cash flows from financing activities:		
Proceeds from term loans	5,659	5,720
Repayment of term loans	(13,201)	(10,719)
Repayment of leases	(1,911)	(1,342)
Dividends paid on ordinary shares	-	(439)
Dividends paid to non-controlling interests	(438)	(368)
Net cash flows used in financing activities	(9,891)	(7,148)
Net increase in cash and cash equivalents	7,173	3,472
Effect of exchange rate changes on cash and cash equivalents	381	(590)
Cash and cash equivalents at beginning of year	36,019	36,627
Cash and cash equivalents at end of period	43,573	39,509

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Notes:

During the financial period ended 31 January 2020, the Group generated \$19,096,000 from its operating activities; and used \$2,032,000 and \$9,891,000 in its investing activities and financing activities respectively. These resulted in a net increase of \$7,173,000 in the Group's cash and cash equivalents.

Cash and cash equivalents comprised of the following:

	Group	
	S\$'000	
	31/1/2020	31/1/2019
Cash at banks and on hand	18,397	21,562
Bank deposits	81,857	67,888
Cash and short-term deposits	100,254	89,450
Less: Bank deposits with maturity more than three months	(56,681)	(49,941)
Cash and cash equivalents	43,573	39,509

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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Statement of changes in equity for financial period ended 31 January 2020

	Total equity	Total equity attributable to owners of the Company	Share capital	Retained earnings/ (accumulated losses)	Foreign currency translation reserve	Capital reserve	Statutory reserve fund	Non-controlling interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group								
As at 1 August 2019	143,998	82,542	35,727	33,768	1,690	10,497	860	61,456
Profit for the period	1,244	222	-	222	-	-	-	1,022
Other comprehensive income for the period, net of tax	160	82	-	-	82	-	-	78
Total comprehensive income for the period, net of tax	1,404	304	-	222	82	-	-	1,100
Dividends paid to non-controlling interests	(438)	-	-	-	-	-	-	(438)
As at 31 January 2020	144,964	82,846	35,727	33,990	1,772	10,497	860	62,118
The Company								
As at 1 August 2019	30,530	30,530	35,727	(5,352)	-	155	-	-
Profit for the period	462	462	-	462	-	-	-	-
Total comprehensive income for the period, net of tax	462	462	-	462	-	-	-	-
As at 31 January 2020	30,992	30,992	35,727	(4,890)	-	155	-	-

Statement of changes in equity for financial period ended 31 January 2019

	Total equity	Total equity attributable to owners of the Company	Share capital	Retained earnings/ (accumulated losses)	Foreign currency translation reserve	Capital reserve	Statutory reserve fund	Non-controlling interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group								
As at 1 August 2018	147,680	86,065	35,727	35,623	2,125	11,730	860	61,615
(Loss)/profit for the period	(1,248)	(1,826)	-	(1,826)	-	-	-	578
Other comprehensive income for the period, net of tax	(2,254)	(1,083)	-	-	(1,083)	-	-	(1,171)
Total comprehensive income for the period, net of tax	(3,502)	(2,909)	-	(1,826)	(1,083)	-	-	(593)
Dividends on ordinary shares	(368)	(368)	-	(368)	-	-	-	-
Dividends paid to non-controlling interests	(439)	-	-	-	-	-	-	(439)
As at 31 January 2019	143,371	82,788	35,727	33,429	1,042	11,730	860	60,583
The Company								
As at 1 August 2018	32,675	32,675	35,727	(3,207)	-	155	-	-
Profit for the period	623	623	-	623	-	-	-	-
Total comprehensive income for the period, net of tax	623	623	-	623	-	-	-	-
Dividends on ordinary shares	(368)	(368)	-	(368)	-	-	-	-
As at 31 January 2019	32,930	32,930	35,727	(2,952)	-	155	-	-

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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in share capital during the financial period.

The Company did not have any outstanding convertibles as at 31 January 2020 and 31 January 2019.

There were neither treasury shares nor share option outstanding as at 31 January 2020 and 31 January 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

Total number of issued shares, excluding treasury shares

Company	
As at 31/1/2020	As at 31/7/2019
122,806,000	122,806,000

The Company did not have any treasury shares.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter)

Not applicable.

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3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (This is not required for any audit issue that is a material uncertainty relating to going concern)

(a) Updates on the efforts taken to resolve each outstanding audit issue.

Not applicable.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied

The Group had applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements as at 31 July 2019, except that on 1 August 2019, the Group has adopted all new and revised standards which are effective for annual financial periods beginning on 1 January 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted SFRS(I) 16 *Leases* on 1 August 2019 using simplified transition approach and did not restate comparative amounts for the financial year ended 31 July 2019 as permitted under the specific transition provisions in the standard. Upon adoption of SFRS(I) 16 *Leases*, the Group recognised right-of-use assets of \$5,269,000 and lease liabilities of \$5,269,000 on 1 August 2019.

The Group also applied the short-term lease recognition exemption to its short-term leases and leases of low-value assets. Lease payments of these leases are recognised as rent expense on a straight-line basis over the lease term.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Basic earnings/(loss) per ordinary share amounts are calculated by dividing profit/(loss) net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the current financial period.

	Group	
	31/1/2020	31/1/2019
Profit/(loss) attributable to owners of the Company (\$'000)	222	(1,826)
Weighted average number of ordinary shares ('000)	122,806	122,806
Earnings/(loss) per ordinary share (cents)	0.18	(1.49)

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:- (a) current financial period reported on; and (b) immediately preceding financial year

	Group		Company	
	31/1/2020	31/7/2019	31/1/2020	31/7/2019
Net asset value per ordinary share attributable to the owners of the Company (cents)	67.5	67.2	25.2	24.9

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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Review of performance

The Group's revenue decreased by \$9.4 million or 13%, from \$69.7 million in the previous corresponding period, to \$60.4 million for the current half year. This decrease was attributed to lower demand for products and services.

Raw materials and consumables used, as well as changes in inventories of finished goods and work-in-progress, were lower by \$6.1 million or 33%, from \$18.2 million to \$12.2 million, following lower sales and materials required.

Employee benefits expense was lower by \$1.9 million or 8%, resulting from reduced headcount.

Depreciation of property, plant and equipment was lower by \$2.1 million or 15%, from \$13.4 million to \$11.4 million, as certain machinery and test equipment were fully depreciated.

Upon the adoption of SFRS(I) 16 *Leases*, depreciation of right-of-use assets of \$0.7 million was recognised.

Finance costs reduced by 27% or \$0.2 million, following repayments of bank loans.

Other expenses decreased by \$2.3 million or 16%, mainly attributable to (i) lower repairs and maintenance, and utilities cost, by \$0.8 million, following lower production; (ii) lower rent expense (relating to previous operating lease expense) by \$0.7 million and (iii) higher gain on disposal of property, plant and equipment by \$0.4 million.

Consequently, the Group's reported a turnaround with a profit before tax of \$2.2 million in the current financial period, compared to a loss before tax of \$0.4 million in the previous corresponding period.

Review of financial position

Property, plant and equipment was lower by \$8.7 million or 15%, from \$58.9 million as at 31 July 2019, to \$50.2 million as at 31 January 2020. This decrease was primarily due to depreciation charge of \$11.4 million, partially offset by capital expenditure of \$2.9 million.

Right-of-use assets of \$5.6 million were recognised, representing the right to use the leased assets during the lease terms.

Current assets were higher by \$2.5 million or 2%, from \$129.4 million to \$131.9 million. This was attributable to (i) higher cash and short-term deposits by \$7.0 million, which represented the net surplus cash generated from operations; and (ii) higher investment securities of \$1.1 million, following additional purchases of quoted equity shares; partially offset by (iii) a reduction in trade and other receivables of \$5.7 million, as a result of lower trade receivables due to better collections.

Current liabilities decreased by \$1.8 million or 5%, from \$35.3 million to \$33.4 million, mainly attributable to lower loans and borrowing by \$2.6 million, following net repayment of bank loans of \$3.7 million, partially offset by the recognition of lease liabilities of \$1.6 million.

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9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

No significant variance.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

World-wide semiconductor revenue was expected to reach only USD418.3 billion in 2019, a decline of 11.9% from USD474.6 billion in 2018. This was largely due to the downturn of the memory market. However, according to a December 2019 report by World Semiconductor Trade Statistics, the semiconductor industry is estimated to grow by 5.9% in 2020. Global growth¹, estimated at 2.9% in 2019, is projected to increase to 3.3% in 2020. However, these positive outlooks are likely to be dampened by the COVID-19 outbreak.

The COVID-19 is now spreading globally, with the World Health Organization characterising it as pandemic. The global economic growth will likely be hampered, although the full extent is still indeterminate.

The Group's immediate focus is in supplies procurement, close customer liaison on re-alignment of production levels, and the safety and well-being of all our employees and business associates.

11. Dividend

(a) ***Current Financial Period Reported On***

Any dividend declared for the current financial period reported on? No

(b) ***Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) ***Date payable***

Not applicable

(d) ***Books closure date***

Not applicable

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

The directors do not recommend an interim dividend in view of the negative impact of the COVID-19 pandemic on international trade and supply chain disruptions.

¹ According to the January 2020 International Monetary Fund Outlook Report.

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13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

No IPT mandate had been obtained.

14. Negative confirmation pursuant to Rule 705(5) of the Listing Manual

The Board confirmed to the best of its knowledge that nothing has come to its attention which may render the unaudited interim financial results for the half-year ended 31 January 2020 to be false or misleading in any material respect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

On behalf of the Board,

Samuel Lim Syn Soo
Executive Chairman & CEO

Kenneth Tan Teoh Khoon
Executive Director

BY ORDER OF THE BOARD

Adeline Lim Kim Swan
Company Secretary
Date: 13 March 2020